



General Assembly

February Session, 2012

Raised Bill No. 5426

LCO No. 1917

01917_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING REPORTS ON BUSINESS TAX CREDIT AND
ABATEMENT PROGRAMS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-1r of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2012*):

3 (a) Notwithstanding the provisions of subsection (b) of section 32-
4 1m, on or before January 1, 2011, and every three years thereafter, the
5 Commissioner of Economic and Community Development, in
6 consultation with the Commissioner of Revenue Services, shall prepare
7 a report with regard to [any] each tax credit or abatement program
8 enacted for the purpose of recruitment or retention of businesses. The
9 report shall include, but need not be limited to:

10 (1) A baseline assessment of the tax credit and abatement programs
11 enacted to encourage business growth in the state, including the
12 number of aggregate jobs associated with taxpayers eligible for such
13 tax credits or abatements and the aggregate annual revenue that such
14 taxpayers generate for the state through the direct taxes applied to
15 them and through their support of the state's economy through

16 employment and other activities;

17 (2) A listing, by program, of the amount of tax credits and
18 abatements approved by the state during the preceding calendar year;

19 (3) A summary and evaluation of all tax credit programs
20 administered by the Department of Economic and Community
21 Development. Such summary and evaluation shall include, but need
22 not be limited to, for each tax credit program: (A) An assessment of the
23 intended statutory and programmatic goals of the tax credit, and
24 whether such goals meet the state's economic strategic plan developed
25 pursuant to section 32-10; (B) the number of taxpayers granted tax
26 credits under the program during the previous twelve-month period;
27 (C) the value of the tax credits granted, listed by the North American
28 Industrial Classification System code associated with the taxpayers
29 receiving such credits; (D) the value of the tax credits actually claimed
30 and the value of the tax credits carried forward, listed by the North
31 American Industrial Classification System code associated with the
32 taxpayers claiming or carrying forward the credits; (E) an assessment
33 and five-year projection of the potential impact on the state's revenue
34 stream from carry forwards allowed under such tax credit program;
35 (F) an analysis of the economic impact of the tax credit program and
36 whether the statutory and programmatic goals are being met, with
37 obstacles to such goals identified, if possible; (G) the type and value of
38 tax credits assigned and a summary by North American Industrial
39 Classification System codes of taxpayers to which such credits are
40 assigned; (H) a cost-benefit analysis of the revenue foregone by
41 allowing a tax credit, as compared to the economic impact of such
42 credit; (I) the cost to the state to administer the tax credit program, and
43 a comparison between such cost and the net revenue generated to the
44 state by each such program; (J) the average and aggregate
45 administrative and compliance cost, to taxpayers, to comply with the
46 requirements of the tax credit program; (K) information as to the
47 location of the taxpayers receiving credits, and whether such taxpayers
48 are in distressed communities or targeted investment communities;

49 and [(K)] (L) a recommendation as to whether the tax credit program
50 should be continued, modified or repealed, the basis for such
51 recommendation and the expected impact of such recommendation on
52 the state's economy;

53 (4) A comparison of the tax credit and abatement programs offered
54 in this state to those offered in other states, and an assessment of the
55 impact of such in-state and out-of-state programs on the
56 competitiveness of businesses located in this state;

57 [(4)] (5) (A) An assessment of the fairness, performance, burden, tax
58 incidence and economic impact of the state's corporation business tax
59 and taxes on domestic and foreign insurance companies pursuant to
60 chapter 207; (B) the cost to the state to administer the state's
61 corporation business tax and taxes on domestic and foreign insurance
62 companies pursuant to chapter 207, and a comparison between such
63 costs and the net revenue generated to the state by such taxes, and (C)
64 the average and aggregate administrative and compliance costs to
65 taxpayers associated with such taxes; and

66 [(5)] (6) The methodology and assumptions used in carrying out the
67 assessments, projections and analyses required pursuant to
68 subdivisions (1), (3), [and] (4) and (5) of this subsection.

69 (b) The Commissioner of Economic and Community Development
70 shall submit the reports required pursuant to this section, in
71 accordance with section 11-4a, to the Governor, the Secretary of the
72 Office of Policy and Management, and to the joint standing committees
73 of the General Assembly having cognizance of matters relating to
74 appropriations, finance and commerce.

75 Sec. 2. (*Effective July 1, 2012*) (a) The Commissioner of Economic and
76 Community Development shall convene a working group to develop a
77 competitiveness matrix that shall be used by the Department of
78 Economic and Community Development for the assessment of the
79 state's tax credit and abatement programs required pursuant to

80 subdivision (4) of subsection (a) of section 32-1r of the general statutes,
81 as amended by this act. Such working group shall include businesses
82 that operate both within and without this state, and that are eligible for
83 the tax credit and abatement programs offered by this state.

84 (b) The department shall use the competitiveness matrix developed
85 pursuant to subsection (a) of this section to assess the competitiveness
86 of the state's tax credit and abatement programs in the next scheduled
87 report submitted pursuant to section 32-1r of the general statutes, as
88 amended by this act, and such matrix shall be described in full in such
89 report, as required by subdivision (5) of subsection (a) of said section
90 32-1r.

91 Sec. 3. Subsection (f) of section 32-70a of the general statutes is
92 repealed and the following is substituted in lieu thereof (*Effective July*
93 *1, 2012*):

94 (f) On or before January 1, 2013, the commissioner shall assess the
95 performance of each enterprise zone, [and may recommend] whether it
96 continues to meet the eligibility requirements in section 32-70, the
97 types and amount of state financial assistance provided, and all
98 projects or programs completed, or, if incomplete, the status of such
99 projects or programs. The commissioner shall submit a report, in
100 accordance with the provisions of section 11-4a that contains such
101 assessments to the joint standing [committee] committees of the
102 General Assembly having cognizance of all matters relating to the
103 Department of Economic and Community Development [,] and of
104 finance, revenue and bonding, and may recommend that the
105 designation be removed if the commissioner determines that [the] any
106 enterprise zone has not met the performance standards established
107 under subsection (b) of this section. Upon such recommendation, the
108 General Assembly may remove the designation.

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	<i>July 1, 2012</i>	32-1r
Sec. 2	<i>July 1, 2012</i>	New section
Sec. 3	<i>July 1, 2012</i>	32-70a(f)

Statement of Purpose:

To provide better sources of information for use by the Business Tax Credit and Tax Policy Review Committee.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]